

EXHIBIT 18

DEA Compliance Processes: Follow the Order

Customer Onboarding

Henry Schein Controlled Substance Form (
"Questionnaire")

State Licensure & DEA Registration

Supporting documentation

Due Diligence review of onboarding information



Suspicious Order Monitoring System (SOMS)

Two pronged system:
Statistical Algorithm Model + Threshold Model

Customers sorted into peer group classifications
based upon →

Market Segment

Practice Type

Specialty

+

Active Ingredient being ordered



Customer Verifications

NTIS / MedPro / USDOJ resources used to verify present authority to order and receive controlled substances

Ongoing verification of State licensure

Ongoing verification of DEA registration



Due Diligence Review

Controlled substances must be being ordered for a legitimate medical purpose in the course of a professional healthcare practice

Verifications Dept. (first level of review)
Regulatory Affairs Dept. (additional review level)

Review of orders flagged by the SOMS

Assessments and recommendations documented

Secondary sign-off on all determination made post due diligence review



Suspicious Order Reporting System (SORS)

Reports submitted to DEA & state authorities (where applicable)

Daily reporting of orders pended by SOMS based on unusual size, pattern, or frequency

Additional reporting of restricted customers

History of HSI's SOMS & KYC Due Diligence Development



2008	Henry Schein's Suspicious Order Monitoring System (SOMS) designed in conjunction with BuzzeoPDMA.
2009	Implementation of SOMS completed.
2012	SOMS audited by Buzzeo in collaborative effort with Henry Schein Verifications, Regulatory Affairs, Legal and Internal Audits.
2013	Developed multi-year plan for implementation of needed processes & system enhancements.
2015	Richmond Analytics (an Information Services firm) and Buzzeo hired to evaluate and retune the statistical model of the SOMS to ensure optimal sensitivity.
2017	Profit Optics (a statistical firm) engaged for two-phased retuning of the threshold model of the SOMS. Phase 1 – review of & modifications to order-history algorithm (completed Q2 2017). Phase 2 – review & enhancements of customer peer groups (completed Q4 2017).
2018	Scheduled by year-end to receive a consultant assessment of our DEA compliance processes. Assessment will be focused on our "Know Your Customer" Due Diligence & Suspicious Order Reporting processes.

DEA Compliance Areas – HSI & Joint Ventures/Subsidiaries

Activity	HSI	HSAH	ACE	SAS	HF	DBY
Customer License Verification System (state & federal)	Y Automated	Y Automated	Y Manual Automated in Process	Y Manual	Y Automated	Y Automated (NTIS)
Computerized Suspicious Order Monitoring System (SOMS)	Y Algorithm & Threshold Models	Y Algorithm Model	In Process	Y Threshold Model; Algorithm in Process	Y Threshold Model	Y Threshold Model
Review of Orders Flagged by SOMS	Y	Y	In Process	Y	Y	Y
Reporting of Orders Flagged by SOMS (unusual size/pattern/frequency)	Y	N	In Process	Y	In Process	Y
Due Diligence on File for All Active Customers	Y Questionnaires + DD Assessments	Y Questionnaires	In Process	Y Background Info; Enhancements in Process	In Process	Y
Know Your Customer Site Visits	Y	Y	N	N	N	N
Reporting of Restricted Customers	Y	Y	Y	Y	Y	Y
Federal ARCOS Reporting	Y	Y	Y	Y	N/A C-IV only	Y
State ARCOS Reporting (FL, NY, TX, ID, LA, OH, TN, MI)	Y	Y	Y TN/OH/TX in Process	Y	Y	Y

Distributor Penalties

Company	Agency	Year	Fine/Penalty	Reason
Henry Schein	Ohio State BOP	1998	Warning Letter	Sale of dangerous drugs to persons/entities not licensed/authorized to possess them.
Henry Schein	DEA	2012	\$50,000	Settled civil allegations stemming from distributions to a researcher at the University of Pittsburg who was criminally charged in connection with diversion of controlled substances.
Henry Schein	Iowa State BOP	2012	\$5,000	Distributing controlled substances to an unauthorized person in violation of Iowa law.
Henry Schein Animal Health	DEA	2014	\$225,000	Sale of dangerous drugs to persons/entities not licensed/authorized to possess them. Allegations settled with no admission of guilt.
McKesson	DEA	2008	\$13,000,000	Failure to identify and report suspicious orders of controlled substances.
McKesson	DEA	2017	\$150,000,000	Failure to identify and report suspicious orders of controlled substances.
Cardinal Health	DEA	2017	\$44,000,000	Failure to identify and report suspicious orders of controlled substances.
Cardinal Health	State of WV	2016	\$20,000,000	Failure to identify and report suspicious orders of controlled substances.
AmerisourceBergen	State of WV	2016	\$16,000,000	Failure to identify and report suspicious orders of controlled substances.
Miami-Lukens	State of WV	2016	\$2,500,000	Failure to identify and report suspicious orders of controlled substances.
Masters Pharmaceutical	DEA	2009	\$500,000	Failure to identify and report suspicious orders of controlled substances.
Masters Pharmaceutical	DEA	2017	Registration revoked	Failure to identify and report suspicious orders of controlled substances.

“Opioid Taxes”

- **NY Opioid Stewardship Act (OSA)**

- *Requires manufacturers, distributors and importers to report transaction information for all opioids sold/distributed to or within NYS. The NY DOH will determine each party's percentage of total opioids sold and distributed to/within NYS.*
 - *Each party will be responsible to pay its ratable share of \$100,000,000 to establish an opioid stewardship fund. This will be used to fund alcohol and drug addiction recovery programs and other related costs.*
 - *By August 1, 2018, parties must report certain data from the 2017 calendar year. In October 2018, NYS will notify each party of its ratable share. Each party will be responsible to pay its ratable share of 2017 opioid sales/distributions to NYS in January 2019. It is unpredictable what our ratable share will be, but it is anticipated to be low.*
 - *The OSA exempts buprenorphine, methadone, morphine, alfentanil, sufentanil, remifentanil, fentanyl in solution and fentanyl base/powder from opioids that are subject to the fee assessment.*

- **Other states such as CA, DE, KY, MN, OK, NJ, TN, VT and WV are considering various bills and methods of instituting what would amount to an opioid “tax” or fee.**

Controlled Substance Compliance – Oversight

DEA, the primary regulator of controlled substances, oversees every part of the supply chain



- Additionally, State Boards of Pharmacy/Departments of Health regulate industry in similar ways at the state level.